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WHAT THE INDUSTRY READS FIRST

DISH Details: Pay TV Does OK, First Major 5G Market to Come by 3Q

DISH's earnings calls these days tend to focus more on the wireless business, understandable given its newness and upcoming deadlines. But that doesn't mean DBS is DOA. The pay TV business beat on EBITDA and FCF in 3Q20, and even subs are declining at a slower pace. DISH lost 87K DISH TV subs, while adding 203K Sling customers for approximately 116K net pay TV subs.

"Our DISH TV strategy has been anchored in acquiring and retaining long-term, profitable customers. We've been focused on a more rural and credit quality customer base," pres/CEO *Erik Carlson* said during Friday's earnings call. He called **Sling**'s gains encouraging news given the heightened competitive environment, and chalked up the increase to the return of sports in 3Q as well as enhancements made to the platform.

It may seem odd to hear DISH crediting sports given that it's been without the **Sinclair**-owned RSNs for more than a year. "I don't think sports are dead, and I don't think regional sports are dead," chmn *Charlie Ergen* said, repeating once again that it was unfortunate Sinclair didn't own the Fox RSNs when they were dropped (DISH was negotiating with **Disney**). "I think things have to change. I think change in terms of new technologies… and feature for the consumer that they see value in. I think you're probably not going to get people who never watch sports to pay."

So, no… DISH hasn't changed its stance that the value of regional sports to its customers is overrated, with Ergen adding that there's still some of that content on DISH that customers are paying too much for. "We haven't given up on sports. We think it's part of the ecosystem," he said. "We think with the changes around the edges and maybe a fundamental change here and there, it's a business that's going to be around for a long time. It's got the advantage of being live, it's got the advantage of being interactive, it's got the advantage of passion. It just needs to be restructured."

The DISH crew showed admiration for **T-Mobile**, including its just-launched TVision streaming packages that are especially targeted at rural America. "We'll have to be on top of our game to compete. They're obviously knocking the ball out of the park in terms of execution," Ergen said. "I'm beside myself that we as a company get to compete against companies that good. That makes us better too."

With reports that **AT&T** may be close to selling a significant minority stake in DirecTV, Ergen repeated his belief that a DirecTV-DISH combo is inevitable—whether that's one year from now or 10 years from now. "I think Erik and team are the best in the business at managing that particular type of business. I don't know how a transaction takes place, but if it were me, I'd be looking for a DISH management team in some form or fashion," he said.

For the quarter, net income climbed to $505mln from $353mln a year ago, while revenue rose to $4.53bln. On the

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wireless side, DISH lost 212K customers through its MVNO, and delivered $79mln in wireless EBTIDA. As for that 5G network buildout, Ergen said there'd be some preliminary, small markets in 1Q21, but a major market wouldn't be ready until 3Q. DISH continues to expect expenditures for the network to be in the $10bln range, excluding capitalized interest.

"The [DBS] business is doing exactly what it is supposed to do: generate cash to fund the debt and the initial investments in the wireless network," **New Street Research** analysts said.

ELECTION DAY 3

CNN beat **Fox News** in Day 3 of election coverage. The net was the No 1 in prime and total day throughout Thursday's coverage in total viewers, adults 25-54 and 18-34. In total viewers, CNN had 6.342mln in prime, followed by Fox News with 5.558mln and **MSNBC** with 4.893mln.

VIACOMCBS ALL IN ON STREAMING

ViacomCBS spent the majority of its 3Q earnings call touting its streaming platforms and discussing the upcoming rebrand of **CBS All Access** into **Paramount+**. Paid subs for CBS All Access and **Showtime** hit 17.9mln, up from the 13.5mln subs last reported. That's just shy of the 18mln target set for the end of 2022. CFO *Naveen Chopra* said that the company is updating its guidance to hit 19mln subs by the end of the year. The addition of hundreds of hours of Viacom content to CBS All Access earlier this year was a sort of preview of Paramount+. It "served as proof of concept and has given us the confidence to lean in," pres/CEO *Bob Bakish* said during Friday's call. He noted that the average age of subs for both CBS All Access and Showtime dropped by 10 years. Look for ViacomCBS to begin sunsetting some of its smaller legacy streaming services, like **MTV Hits**, in 4Q. Domestic streaming and digital revenue grew to $636mln, up 56% YOY. **Pluto TV** had a good quarter, growing its domestic monthly active users to 28.4mln, up 57% YOY and more than doubled its advertising revenue in 3Q. The AVOD will also reach an additional 100mln devices worldwide thanks to new distribution deals with **LG** and **Sony** PlayStation. ViacomCBS affiliate revenue grew by 10% to $2.365m. Advertising revenue fell 6% to $2.188mln. The cable nets saw a 7% decline in revenue to $3.061mln, partially offset by a 4% growth in affiliate revenue of $1.562mln.

CABLE ONE RIDING BROADBAND GROWTH

Cable One's broadband numbers continued to soar through 3Q20. The operator reported revenues of $339mln (+18.9% YOY) and a gain of 165K residential broadband customers in the quarter. It began offering a 15Mbps internet plan for $10/month during the pandemic, but the operator now has less than 500 customers on the plan. "It was there to meet a need. I don't know that we ever had more than 1K at any one point in time," Cable One svp/CFO *Steven Cochran* said. "Many came in, many of them upgraded services." The bigger trend, which has accelerated due to COVID, is customers are increasingly buying into plans above 100Mbps. The company's 200Mbps plan is now its flagship offering. "Selling above the 100Mbps level is 70%, so people are taking much faster speeds, not lower, at this point in time," pres/CEO *Julie Laulis* said. Cable One's unlimited data plan is selling in at about half of what it was pre-COVID. Laulis said that's in part due to Cable One's free unlimited data offering during the heart of the pandemic. Many more customers

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are also coming in at higher data plans already, minimizing the need to opt-in to an unlimited option. "That being said, we're seeing it grow, and it may get back up to pre-pandemic levels," Laulis said. "But it is a major contributor to our ARPU growth at this point in time." Cable One is targeting 80K homes within its footprint where it no longer faces competition due to **AT&T**'s decision to stop offering its DSL service. The company's video base has continued to dwindle, dropping by 21K subs to leave Cable One with 277K video customers.

WOW! WINS WITH HSD

WOW! is continuing to thrive under its broadband-first approach. The operator reported $3.3mln in total revenue for 3Q20, marking a 1.2% increase YOY. Total subscription revenue rose 2.7% YOY to $269.5mln, and that was driven mostly by an increase in ARPU as well as periodic service rate increases and an increase in volume almost exclusively attributable to WOW!'s addition of HSD subs. WOW! reported total subscribers of 846.3K as of Sept 20, up 3.5% YOY. HSD RGUs totaled 808.9K, a 35K increase from the same period last year.

KENNARD NAMED AT&T CHAIR

AT&T's board tapped *William Kennard* to serve as chmn, effective Jan 2021 upon the retirement of *Randall Stephenson*. Kennard was named general counsel to the **FCC** in 1993 and served in the role before being named FCC chmn in 1997. He has also served as the US ambassador to the EU. Kennard joined AT&T's board in 2014. He also serves on the boards of **Duke Energy Corporation**, **Ford Motor Company** and **MetLife, Inc**. He is co-founder of private equity firm **Astra Capital Management**.

CABLEFAX DASHBOARD

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I want @JohnKingCNN to come to our house tomorrow and talk us through dinner. "Over here we have some peas. We have peas, some people don't like peas. Let's forget the peas for now. What do we have here, take a look, it's pizza. It's early, we don't know if this holds up, but..."

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DEC 4: 2020 CABLE TV PIONEERS INDUCTION CEREMONY

Research

➢ MediaRadar estimates that $425mln was spent across National TV, Digital and Print for political ads between Jan 2020 and Oct 2020.

➢ Over 90% of all political ad spending at the national level was dedicated to National TV.

➢ Outside of CBS, NBC, ABC and Fox, the channels seeing the most sizable national ad spending include Univision, Food Network, HGTV, Adult Swim and Fox News.

(Source: MediaRadar)

Quotable

Yeah, it really came at both a great and terrible time. A couple of things that we found about the important role of states. First, it reinforced the role that states are playing in bridging the digital divide. States are just slightly more nimble than the federal government, and broadband is complicated, which is the understatement of the year. And thankfully, more stakeholders are realizing that this isn't a wonky tech issue. But that also means that more people need to be at the table in order to bridge the digital divide. So in ways, we found that state governments are slightly better positioned to facilitate that type of collaboration that's really necessary. But what we really learned is that for the last decade, states have been quietly rolling up their sleeves and doing the work. – **Kathryn De Wit, manager of the Broadband Research Initiative at Pew Charitable Trusts, on broadband during the COVID-19 pandemic**